



# Private Sector Integrity and Economic Development

## In Gulf Countries

Doha, State of Qatar, 10-11 May 2011

# CONCLUSIONS



**MENA-OECD  
INVESTMENT  
PROGRAMME**



**CLDP**  
COMMERCIAL LAW DEVELOPMENT PROGRAM



This program is partially funded by



## INTRODUCTION

Under the patronage of H.E. Dr. Ali Al Marri, the Attorney General of the State of Qatar, the Commercial Law Development Program (CLDP) at the U.S. Department of Commerce, the MENA Investment Programme of the Organization for Economic Cooperation and Development (OECD), and the United Nations Development (UNDP) organized the ***Conference on Private Sector Integrity and Economic Development in Gulf Countries*** in Doha on 11 May 2011 in cooperation with the Public Prosecution of the State of Qatar.

The conference brought together more than 60 participants, including senior officials from prosecution authorities and government agencies in Gulf countries, business and civil society representatives as well as experts from various regional and international organizations and OECD member countries. It provided a first opportunity for stakeholders to discuss private sector integrity challenges and solutions in the Gulf region and promote concrete actions by governments and businesses to deepen the important efforts that are currently in progress in more than one country. Participants engaged in discussions on (i) the negative impact of corruption on the economy; (ii) international anti-corruption standards developed to level the playing field and promote the sound management of public affairs and public property; (iii) frameworks to facilitate communication between the public and private sector; and (iv) examples of corporate compliance and integrity programs.

Participants endorsed the conclusions below which reinforced the outcomes of the Bahrain regional workshop on “Strengthening Integrity in the Private Sector in Arab Countries” held in March 2010 and is expected to contribute to future action taken by major stakeholders in Gulf countries and partner countries and regional and international organizations.

## CONCLUSIONS

### **I. ECONOMIC IMPACT OF CORRUPTION:**

1. A growing body of research underscores the detrimental effects of corruption on the economy. Society in the wider Arab region also recognizes the distorting effect of corrupt practices and expressed strong integrity expectations of both government and the private sector.

2. Integrity in the public and private sectors is instrumental to the implementation of the economic development visions of Gulf countries and a prerequisite for stronger, fairer and cleaner economies. It helps countries attract investment, increase their global competitiveness, and advance their national development efforts.

## **II. INTERNATIONAL ANTI-CORRUPTION STANDARDS**

3. Governments have a critical role in fostering a business-enabling environment and are encouraged to adopt and enforce rules in line with applicable international anti-corruption standards and good practices. Areas for immediate attention include the adoption and effective enforcement of provisions criminalizing corruption, public-private interaction, whistleblower protection, accounting mechanisms as well as measures that enhance multi-stakeholder participation in anti-corruption policymaking.

4. Businesses also have a critical role in complying with applicable anti-corruption laws and are encouraged to adopt preventive programs and engage in collective action as appropriate. In parallel, the private sector would benefit from coordinating its efforts to enhance its engagement in anti-corruption efforts, especially chambers of commerce, trade associations and civil society organizations that represent the private sector.

5. The UN Convention against Corruption (UNCAC) is the most comprehensive global anti-corruption instrument, which provides guidance to governments and businesses working to promote transparency, integrity and accountability. Four out of six Gulf countries have taken the lead and ratified the Convention and are encouraged to continue moving forward in its implementation in cooperation with UNDP and the UN Office on Drugs and Crime (UNODC) and other regional and international partners, particularly the League of Arab States (LAS) and the Gulf Cooperation Council (GCC).

6. Other international instruments impact worldwide trade and investment transactions, and thus may have a direct impact on the economic and anti-corruption efforts in Gulf countries. Prosecutions of natural and legal persons in the framework of the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions, for example, have led to high penal and administrative sanctions against many companies across the globe.

7. The OECD, the World Bank, Transparency International, the International Chamber of Commerce, the UN Global Compact, the World Economic Forum and others have developed a number of important guidance tools to inform businesses about the economic benefits they get from engaging in collective action and to assist them in their internal integrity programs such as the recently published *OECD*

*Good Practice on Internal Control Ethics and Compliance*. Other major tools can be found at <http://www.business-anti-corruption.com/anti-corruption-tools-inventory/>.

### **III. FRAMEWORKS TO FACILITATE PUBLIC-PRIVATE COMMUNICATION**

8. Regular and dynamic interaction between governments and businesses can promote private sector integrity, including enhanced transparency and competitiveness, improved guidance tools, targeted government programs and the development of incentives for private sector compliance.

9. Active engagement on anti-corruption from a law enforcement perspective is extremely important and requires the development of specialized capacities and the facilitation of international judicial cooperation; however it is not enough to strengthen private sector integrity. Effective coordination between concerned government entities, such as ministries of investment, industry, trade and commerce as well as anti-corruption institutions and law enforcement agencies is essential to enable productive and sustainable public-private cooperation against corruption like in the case of several advanced countries in this field.

10. Addressing corruption goes beyond the transposition of international standards into internal legislation. Governments need to reach out to inform businesses on legislative developments and support communication to enhance understanding of shared responsibility and raise awareness about risks.

11. The region's private sector is encouraged to become more active in the fight against corruption through their involvement in public consultations as well as possible exchanges among businesses, building on existing local, regional and global networks, particularly the Arab Anti-Corruption and Integrity Network (ACINET), the UN Global Compact, and the MENA Responsible Business Conduct Forum.

### **IV. CORPORATE COMPLIANCE AND INTEGRITY PROGRAMS**

12. The discussion on the corporate integrity practices that were presented by major multinational enterprises and business associations illustrate that such practices provide a rich learning basis to deepen this drive in the Gulf region. Enhanced engagements by individual companies require the adoption of clear internal integrity principles supported by codes of conduct, compliance programs, due diligence, and whistleblowing systems, and should be complemented by multi-stakeholder initiatives which are clearly institutionalized, such as integrity pacts in specific sectors and projects with high-corruption risks and the increased.

13. Existing commonalities among the development visions of Gulf countries and world-wide obligations of investors provide a solid ground for further collective action towards enhanced integrity in the private sector. The continuation and

expansion of the innovative efforts discussed during this conference is critical to achieve concrete results.

14. There is value in providing particular attention to integrity programs in small and medium enterprises given their important role in economic development and their particular need for guidance and support in this area. Experiences from across the world offer valuable lessons for governments and businesses, especially experiences from the countries of the Asia Pacific Economic Cooperation (APEC).

15. CLDP, UNDP and the MENA-OECD Investment Programme are invited to follow up on these conclusions. OECD and UNDP are invited to work with the various concerned actors to collect and disseminate compliance tools to facilitate peer-learning and knowledge-sharing among all stakeholders. They will also report progress to relevant multilateral mechanisms. CLDP and the US Department of Commerce will work through its existing bilateral frameworks in the MENA region to further implementation of these conclusions.

In conclusion, the participants expressed their gratitude and appreciation to the State of Qatar, represented by H.E. Dr. Ali Al Marri, the Attorney General, and to the speakers and organizers for the efforts that helped make this important conference a success.